

February 3, 1975

PRESIDENT: Senator Murphy.

SENATOR MURPHY: Coming up. If I may, I ask the Clerk to read the amendment. My typing gets a little small, Mr. Clerk.

CLERK: To, renumber original sections one and two as sections two and three.

SENATOR MURPHY: Now, if I may, the amendment was a substitute amendment given to the committee by the introducer of the bill. I would let the introducer then speak to the bill, as the amendment actually became the bill.

PRESIDENT: Senator Johnson.

SENATOR JOHNSON: Mr. President, members of the Legislature, in 1974 the Federal Congress passed the Employment Retirement Income Security Act which authorizes individual retirement accounts. This is a tax shelter available only to those individuals not actually participating in some other tax affiliated pension plan, profit sharing plan, or government retirement plan. The I.R.A. allows employees to annually contribute to a trust plan, which is from fifteen hundred, or fifteen percent of the earned income. A portion of that contributed amount is tax exempt and the interest therefrom is not taxable until retirement. The purpose of the I.R.A. is to allow a retirement fund for those seventy-five million people who are not presently able to be covered by some other form of retirement plan. While the Federal law authorizes I.R.A. retirement funds, state legislation is necessary in order for savings and loan associations to serve as trustee for this type of retirement fund. This bill gives the necessary authorization to the savings and loan associations. The banks felt that they should have the same protection, and that's what the amendment does. I move that this bill be advanced to E & R initial.

PRESIDENT: We're on the amendment, sir. Chair recognizes Senator Schmit.

SENATOR SCHMIT: Mr. President, members of the Legislature, I'd like to ask Senator Murphy a question.

SENATOR MURPHY: Certainly.

SENATOR SCHMIT: Senator Murphy, does the amendment only allow the banks to do that which the bill allows the savings and loans to do, or does the amendment cut out the savings and loan associations?

SENATOR MURPHY: No. I believe the bill specifically is designed to permit the savings and loans to act as a recipient for it. I think the banks already have this authority. In fact, I believe any financial institution in this state now has that authority as long as it is in compliance with the Internal Revenue Code Service. This is providing, not for the banks, but for the savings and loan, Senator.